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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Insurance and Real Estate Committee

February 18, 2014

Raised Bill No. 5024 AN ACT CONCERNING FACTORS USED IN AUTOMOBILE INSURANCE RATING.

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department respectfully opposes **Raised House Bill No. 5024: An Act Concerning Factors Used In Automobile Insurance**. Generally, raised Bill No. 5024 would prohibit insurers from using marital status, age, gender or education level as a factor in underwriting or rating of private passenger non-fleet automobile insurance.

The Connecticut Insurance Department does not support this bill as, we believe, it will have a negative impact on consumers of the state and will not help improve upon our already competitive automobile insurance marketplace. One of the Department's significant concerns is that it believes that use of these factors in automobile insurance rating and underwriting are considered to be actuarially justified through many studies and that they are predictive of future automobile loss experience. This bill would disregard the predictive nature of these tools by eliminating an insurer's long accepted historical use of them.

A similar bill was introduced last year and comments were received from the insurance industry as well as the Department. We concur with some of the industry's testimony last year in particular that the industry is heavily regulated and that auto insurers must file the factors they use for underwriting and rating with the Department. Insurers must provide the Department with the actuarial data showing that there exists a direct correlation with the factors used to assess the risk. HB 5024 would require the Department and insurers to ignore statistical data that is highly predictive of risk; statistical data that has been used for decades without any showing of abuse.